DEFENSE MANPOWER INITIATIVES

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Manpower-Related Initiatives To Improve Management Efficiency

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William K. Brehm assumed the responsibilities of Assistant Secretary of Defense (Manpower and Reserve Affairs) on September 1, 1973.

Mr. Brehm was born on March 29, 1929, in Dearborn, Michigan. He received his B.S. (1950) and M.S. (1952) degrees in mathematics from the University of Michigan. From 1952 to 1964 Mr. Brehm worked in the aerospace industry on advanced systems development and corporate planning with General Dynamics Corporation and North American Aviation, Incorporated.

From 1964 to 1968 he was with the Systems Analysis office in the Office of the Secretary of Defense, first as Director for Land Forces Programs and later as Deputy Assistant Secretary (Land Forces Programs). From 1968 to 1970 he was Assistant Secretary of the Army (Manpower and Reserve Affairs).

In December 1970 Mr. Brehm became Vice President for Corporate Development of Dart Industries. He held this position until returning to the Pentagon.

He is married to the former Delores Soderquist. The Brehms have two children, Eric and Lisa.

The Department of Defense recognizes that its human resources — military and civilian, active and reserve — are both its most precious and its most costly asset. In allocating total available resources, the Department continually seeks the best balance possible between the requirements of military readiness and the needs of its people. Any program decision that removes or reallocates resources away from personnel can be, and often is, perceived by them as a management expedient—at their expense. However, Defense management, like the management of any large enterprise — but especially one whose constituents are the taxpayers and whose mission is the provision of national security — must take the long view. We have to take the initiative in managing ourselves efficiently while at the same time doing the very best we can for our people, asking the support and counsel of the Congress as we proceed.

Beginning in FY 1974, the Department undertook a series of reviews designed to uncover ways to increase military readiness and reduce costs through overhead and support reductions; through better-focused, more flexible use of compensation; and through improved manpower and personnel administration. The following is a listing of some of the more significant current initiatives and some which we propose for the immediate future.

Management/Command Headquarters Review

The headquarters review started a year ago and continues. To date we have identified approximately 23,000 headquarters positions for elimination or transfer to combat forces:

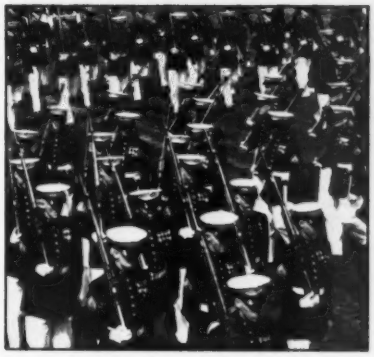
Department of Defense
Military and Civilian Personnel Reductions
Headquarters Activities

	Cumulative Reductions	
	End-FY 75	End-FY 76
Joint Activities and Commands	1,400	1,400
Defense Agencies*	5,200	6,800
Military Departments	14,200	14,800
Totals	20,800	23,000

* Includes certain Defense Agency field activities as well as Defense Agency headquarters.

Support-to-Combat Conversions

Headquarters and support reductions will make more resources available to combat forces. For example, such reductions will enable us to field 16 active Army divisions, three more than at end-FY 1973, with no increase in Army manpower.



Similarly, during FY 1974, the Air Force utilized headquarters space savings to retain three C-130 squadrons in the active forces and, as new weapons systems are introduced, will be able to add another three tactical air wings without an increase in Air Force personnel. The proposed elimination of two major air commands, two numbered air forces, and six other headquarters and related support will free 15,000 Air Force personnel for use in increasing combat effectiveness. In Europe, we will convert 18,000 support troops to combat missions by end-FY 1976 in accordance with PL 93–365 (the Nunn Amendment), thus strengthening our conventional force posture in NATO. Pacific headquarters eliminations will provide more than 2,000 spaces for conversion into combat strength.

The 272 DoD base closure or realignment actions initiated since end-FY 1973 will eventually result in the elimination of more than 50,000 positions at the affected sites, with annual savings approximately $600 million. As a part of this series of actions, the Air Force will eliminate 400 administrative and support aircraft, and will centralize responsibility for all but a few of the remaining support aircraft under the Military Airlift Command. In addition, the Air Force is consolidating its strategic and tactical airlift assets under the Military Airlift Command. All of these actions liberate resources for further strengthening our combat forces.

The following major commands are being eliminated or, in the case of the Navy, consolidated by end-FY 1976:

Headquarters	Seniority Level of Command*	Location
US Army, Pacific	4-star	Hawaii
US Army Forces, Southern Command	2-star	Canal Zone
US Army, Alaska	2-star	Alaska
US Army Engineer Command, Europe	1-star	Germany
US Army Theater Support Command, Europe	3-star	Germany
Army Air Defense Command	3-star	Colorado
Army Intelligence Command	Colonel	Maryland
Pacific Air Force**	4-star	Hawaii
Air Force Communications Service	2-star	Missouri
Service Force, Atlantic	2-star	Virginia
Amphibious Force, Atlantic	3-star	Virginia
Cruiser-Destroyer Force, Atlantic	2-star	Virginia
Service Force, Pacific	2-star	Hawaii
Amphibious Force, Pacific	3-star	California
Cruiser-Destroyer Force, Pacific	2-star	California

* Elimination of Command does not necessarily entail elimination of Command Level billet.
** Subject to Congressional review.

Greater Reliance on Guard and Reserve

We are relying more on our Reserve and National Guard forces to get more combat strength for the Defense dollar. The Reserve Components now account for nearly 30 per cent of our forces and 50 per cent of the trained manpower available for national security emergencies. Specific examples by Service include:

Army. Guard and Reserve forces now constitute about 50 per cent of Army combat forces, and closer integration of active and Reserve forces is underway. Present planning calls for the Guard to provide a brigade for each of two active divisions as the Army builds toward 16 active divisions. These brigades will train regularly with the active divisions and become an organic part of them upon mobilization. Similarly, 22 separate Guard and Reserve maneuver battalions are already affiliated with active divisions which do not have a full complement of battalions in their active structure. Altogether, these round-out units will represent 25 percent of the combat power of the non-deployed active divisions.

Navy. The Navy has reorganized its Reserve, emphasizing hardware-oriented units. For FY 1976, these units are scheduled to include 30 destroyers, 22 minesweepers, 3 amphibious ships, 8 patrol gunboats, 8 construction battalions and a number of riverine warfare craft. In addition, there has been a substantial transfer of modern equipment from the active force to the Naval Air Reserve. At end-FY 1974, seven of the 12 patrol squadrons were operating P-3 aircraft, four of the six light attack air squadrons were operating with the A-7, and the Marine Corps Reserve had begun replacing F-8 fighter aircraft with F-4s.

Air Force. This year 56 per cent of Air Force tactical airlift aircraft are assigned to the Guard and Reserve; by FY 1976 about 40 per cent of our tactical reconnaissance force will be assigned to the Guard. We are also transferring 128 KC-135 jet tanker aircraft from the active Air Force to the Guard and Reserve over the next four years, thus placing the Guard and Reserve squarely in the strategic offensive mission for the first time. The Air Force has also adopted a program under which a Reserve associate squadron is co-located with each of the 17 strategic airlift squadrons. Personnel in these squadrons fly and maintain the same aircraft used by the active squadrons and, when mobilized, provide for significantly increased aircraft use and airlift capability.

DoD is proposing legislation to authorize the President to call up 50,000 members of the Selected Reserve under conditions short of a national emergency. This authority, if granted, would always be used judiciously and would lend important credibility to the Total Force Concept.

U.S. Military Strength Overseas

At end-FY 1968, U.S. military strength ashore and afloat deployed outside the U.S. and its territories and possessions was 1,200,000. By end-FY 1973 this had been reduced to 542,000, largely as a result of our reductions in Southeast Asia. By end-FY 1976, deployed strength will be 475,000, a reduction of 60 per cent from end-FY 1968 and 12 per cent (67,000) from end-FY 1973. This compares with a reduction in our total military strength of 6.7 per

cent (152,000) between end-FY 1973 and end-FY 1976.

Reduced Military Personnel Turnover

The successful transition to the peacetime volunteer force is reducing personnel turnover with several benefits: Training costs of $370 million will be avoided in FY 1976; billet assignments will have greater continuity, enhancing force readiness; individual personnel will have a greater depth of experience and training because they are in the force longer. For example, in the Army's combat arms, the average length of the initial term of service has increased 41 per cent since FY 1971, adding nearly a full year to the time on the job after initial training. Thus, in this skill area alone, the Army's need for new recruits in FY 1976 is reduced by 15,000–20,000 men. The recruiting and training personnel spaces saved will be used to help man the three new divisions being created by the Army.

Civilian Personnel

We are simultaneously eliminating civilian positions wherever possible while converting military positions to civilian jobs when feasible. Total direct hire strength was 998,000 at end-FY 1973, and is tentatively planned to be about 985,000 at end-FY 1976, a net reduction of 13,000. However, the FY 1976 total includes 39,000 civilian jobs resulting from the civilianization of 48,000 military positions. Without this civilianization program, civilian personnel strength would decrease by 52,000 (5 per cent) over the three-year period. The total combined reduction in military and direct hire civilian strengths between end-FY 1973 and end-FY 1976 is 165,000 (5.1 per cent).

We are also taking a number of measures designed to improve the management of non-appropriated fund activities, increase the stability of civilian employment, improve labor-management relations, and reform Federal wage-setting practices.

Officer Programs

Officer Strength. During the three-year period FY 1974–76 we expect active duty military strength to drop about 7 per cent. We are reducing officer strength by an even greater proportion to shrink overhead and improve the enlisted-to-officer ratio:

	Actual End-FY 73	Projected End-FY 76	Percentage Change
Officer Strength (000)	321	282	−12%
Ratio: Enlisted-to-Officer	6.0	6.5	+ 8%

Senior Officer Grade Structure. We are also emphasizing reductions in our senior officer grade structure:

	Actual End-FY 73	Projected End-FY 76	Percentage Reduction
Generals/Admirals	1,291	1,185	8%
Colonels/Navy Captains	16,200	14,900	8%
LtCols/Commanders	36,500	32,800	10%

Officer Education. We are working to improve officer education programs, particularly those in the scientific and technical fields, with an eye toward providing shorter programs for greater numbers of officers. The increasingly expensive nature of fully-funded programs makes it more imperative than ever that they be managed carefully to ensure maximum effectiveness. A high-level committee, chaired by the Deputy Secretary of Defense, is reviewing the cost and utility of these programs, including the service academies, graduate education at Service and civilian schools, and the War Colleges. While the committee's efforts will be ongoing in nature, it is expected that some initial decisions will be reached in the Spring. In the meantime, costs are being reduced wherever possible. For example we are reducing the number of officers receiving fully-funded graduate education:

Total Graduate Student Load

Actual FY 73	Projected FY 76	Percentage Reduction
4,582	3,279	28%

Officer Personnel Management. DoD has proposed comprehensive legislation to modernize the rules governing the management of the officer corps. The current Officer Personnel Act governing the appointment, promotion, separation, and retirement of commissioned officers was enacted in 1947. Its

provisions were designed for the small peacetime force levels expected after World War II, not the large standing forces we have had since Korea. The proposed law would overhaul or eliminate 328 sections of current law, and codify the remaining provisions into a cohesive system for effective personnel management. It would provide uniform promotion systems among the Services and new grade authorization tables. It would also provide new flexibility for selective retention and grade structure control. A companion bill is being prepared for the Reserves. The regular and Reserve proposals together would enhance the integration of active and Reserve forces in time of mobilization.

Enlisted Programs

We are developing better, less costly alternatives for meeting enlisted personnel requirements. Historically, enlisted programs have been short-range in nature, responding for the most part to annual mission changes and budget constraints. This has often proved costly in the long run, both economically and in terms of member dissatisfaction and reduced retention. We are now developing enlisted personnel management plans encompassing a minimum of five years for each Service, scheduled for completion during 1975. The plans will call for a projected career force of 691,000 compared to the 758,000 level at end-FY 1973, a reduction of 9 per cent. Significant savings will accrue through reduced costs for pay, allowances, and ultimately retirement as the force moves to the lower objective.

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Military Compensation

Quadrennial Review. In January 1975, the DoD embarked upon the third Quadrennial Review of Military Compensation. The last review in 1971 analyzed only selected areas, emphasizing initiatives specifically directed toward the volunteer force. It has been nearly eight years since a comprehensive examination of total military compensation has been conducted, during which time significant changes have taken place in the pay structure. Thus, a full review is in order to update our data base and to help us determine the adequacy and interrelationships of the several kinds of direct and indirect military compensation. The study will be conducted by the Office of the Secretary of Defense with full participation of the Military Departments, and will draw on all knowledgeable sources, both internal and external, for information, suggestions, and guidance.

Retirement Modernization. The DoD has proposed comprehensive new legislation to modernize the retirement program for active duty personnel. In the past decade, the cost of military retirement has increased 400 per cent. This increase has been driven by cost-of-living adjustments designed to protect the purchasing power of the military retiree; by the dramatically increasing number of retirees on the rolls, a direct reflection of the Nation's decision after the Korean conflict to maintain a large peacetime active force; and by the fact that active duty pay (from which retirement pay is derived) has been increased to provide pay levels competitive with those of Federal civilians and employees in the private sector.

There are several defects in the current retirement concept which need to be corrected:

- It fails to recognize the significant increase in military income during the active-duty period brought about by the new policy of pay comparability.
- It fails to vest retirement benefits before 20 years of service. A member who serves for less than 20 years is not entitled to retired pay.
- The retirement annuity is based on the pay received on the actual date of retirement. Thus individuals who can select their retirement date can significantly increase their retired pay by waiting for a pay raise or longevity increase. A basic inequity associated with this approach is that individuals who are not able to select their retirement dates (e.g., mandatory or disability retirees) do not have the same sort of option.
- Annuities available to members with over 25 years of service are not competitive.

The DoD proposal would correct these defects and ultimately decrease the cost of the military retirement program. Save-pay features would guarantee a future retiree at least as much monthly retired pay as all similar members who retired before him. Even with the adjustments being proposed, the revised program would still be one of the most generous programs in general use.

Military Pay Adjustment System. The method of allocating military pay raises among the elements of Regular Military Compensation was modified this past September by PL 93–419. The new law, sponsored by DoD, retains the matching increase principle, relating military pay increases to those of Federal civilian employees. However, instead of placing the entire raise into basic pay, it applies the percentage increase equally to basic pay, basic allowance for quarters, and basic allowance for subsistence, thus bringing the allowances more in line with the expenses they are designed to defray. It also eliminates annual adjustments to enlisted subsistence allowances rates which in the past took place outside of the framework of the matching increase process. The estimated cost savings are as follows:*

Cost Savings of the New Method of Allocating Military Pay Increases Among the Various Elements of Military Compensation

($ Millions)

FY 1976	FY 1977	FY 1978	FY 1979	Total FY 76–79
−366	−609	−882	−1,187	−3,044

* Assumes a 5.52% pay increase in FY 75 and 5.5% thereafter.

Special Pay Programs. The DoD has a wide variety of special pay programs originally designed to attract and retain capable personnel, and to provide incentives for channeling qualified persons into the more arduous occupations. These programs are expensive and many are outdated, inefficient, and misdirected. We have made administrative changes where we had the authority to do so, and proposed new legislation where necessary. The major results are as follows:

• **Enlistment Bonus.** The expanded Enlistment Bonus, enacted by the Congress (PL 93–277), was implemented on June 1, 1974. Under the previous law, the Enlistment Bonus was restricted to individuals enlisting only in specified combat jobs in the Army and Marine Corps, and required only a three-year enlistment. The new law allows the bonus to be used by all Services for any critical skill suffering from inadequate accessions and requires a minimum four-year enlistment. This additional year of service will reduce replacement training costs, thereby offsetting a portion of the cost of the bonus, and will improve readiness through reduced turnover. The planned level of FY 1976 expenditures of $75 million for the bonus should provide an annual training cost offset in the outyears of approximately $32 million.

• **Selective Reenlistment Bonus** The Congress also authorized an improved Reenlistment Bonus program. The old law allowed two bonuses: A Regular Reenlistment Bonus and a Variable Reenlistment Bonus. The Regular Reenlistment Bonus had to be paid to all reenlistees, without regard to the need for their specialty. As a result, about 25 per cent of these payments were made in skill areas where sufficient retention could be achieved without a bonus. And while the Variable Reenlistment Bonus was paid only in shortage skills, it could be paid for the first reenlistment only. It thus failed to help us at the second reenlistment point. The *Selective Reenlistment Bonus* replaces both of the old bonuses and provides the flexibility to offer a substantial retention incentive at any problem reenlistment point within a member's first ten years of service. The amount paid depends on the severity of the retention problem in a particular skill and the amount of additional obligated service to which the member agrees. Members who reenlist in skills where no significant shortages exist receive no bonus. (A save-pay feature still

Chart 1

Cost Implications of the New Selective Reenlistment Bonus ($ Millions)

	FY 1976	FY 1977	FY 1978	FY 1979	Total FY 76–79
Budgetary Changes	+2.1	−6.8	−13.2	−77.4	−95.3

Chart 2

Cost Implications of the New Flight Pay Program ($ Millions)

	FY 1976	FY 1977	FY 1978	Total FY 76–78
Budgetary Changes	+11.0	−6.3	−10.8	−6.1

Chart 3

Flight Training Rates All Services

	Graduates		
	Actual FY 73	Projected FY 76	Percentage Reduction
Pilots	5,331	4,082	23%
Navigators/Naval Flight Officers	2,027	1,484	27%

guarantees the old reenlistment bonus to those on active duty at the time the new law was enacted who would otherwise have been entitled to it.) Thus, the new law is not only more effective but it results in substantial outyear savings as the Regular Reenlistment Bonus is phased out (See Chart 1, right).

- **Proficiency Pay.** Early in FY 1975, decisions were reached to terminate Superior Performance Pay and to reduce Shortage Speciality Pay by 75 per cent. These decisions were designed to deemphasize proficiency pays in favor of the more flexible Selective Reenlistment Bonus. As a result, it is estimated that a savings of $78.3 million will accrue in FY 1976.
- **Flight Pay.** The Congress enacted a modified version of the DoD-sponsored Flight Pay bill, which became the Aviation Career Incentive Act of 1974 (PL 93–294), effective June 1, 1974. This act, which is far more effective than the previous law, concentrates the greatest incentives in the retention-critical, flight-intensive years of an aviator's career and prohibits flight pay for commissioned officers after the 25th year of service. In addition, the act provides for systematic performance standards which replace the much critized "excusal" policy of the past. When transition to the new program is completed, a reduction of the flight pay budget will occur. (Chart 2, above.)

Reduced Flight Training Rates

Flight training is the most costly form of training conducted by the Department of Defense. While costs vary widely according to the type of training involved, the cost of providing undergraduate jet pilot training to a pilot candidate is over $100,000, and advanced flight training in high-performance aircraft costs at least that much more in addition. We are making a concerted effort to reduce flight training rates to the lowest level consistent with high peacetime operational readiness. (Chart 3, above.)

We are also strongly emphasizing the development, procurement and use of flight simulators which have a high potential for improved training and future cost savings.

Military Leave Policy

A comprehensive military leave policy was established in June 1974. It is designed to maximize use of leave, minimize loss of leave, and reduce lump-sum terminal leave payments for unused accrued leave. Full implementation of this policy could generate annual savings on the order of $60 million by the end of FY 1976. The DoD is also developing a legislative proposal to limit repetitive terminal leave payments to enlisted personnel so as to make them approximately equivalent to the entitlements of the officer corps.

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